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I. Introduction

1. The country cooperation framework (CCF) for the period 2001 to 2003 for Bosnia and Herzegovina builds on the first CCF (1997-2000) implemented after the December 1995 Dayton Peace Accords (DPA). The country review of 2000 and subsequent discussions with a wide range of national and international partners point out that:

(a) Donors, DPA civil-implementation bodies (principally, the Office of the High Representative (OHR), the United Nations Mission to Bosnia and Herzegovina (UNMIBH), the Organization for Security and Cooperation in Europe (OSCE)) and national partners and organizations support a shift in UNDP efforts towards capacity-building and policy development at the national level with country-wide impact;

(b) UNDP must build on its neutrality and good reputation with national partners through unbiased, transparent dialogue;

(c) The solid field experience and credibility gained by UNDP through area-based and sector programmes using participatory methods should be continued to support national level and policy programmes;

(d) UNDP successfully mobilized national resources around the first national human development report (NHDR) and should continue this trend by making far greater use of national expertise in the next CCF.

2. The Common Country Assessment (CCA) of development priorities was prepared by the Core Group of Multilateral Agencies (CGMA) which includes UNDP, the United Nations Children's Fund (UNICEF), the World Health Organization (WHO), the United Nations Population Fund (UNFPA), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations High Commissioner for Refugees (UNHCR), the United Nations High Commissioner for Human Rights (UNHCHR), the International Organization for Migration (IOM), the International Labour Organization (ILO) and the Food and Agriculture Organization of the United Nations (FAO). It advocates the better use of national human resources and "the adoption of a development focused agenda as a longer-term strategy for resolving entrenched political problems and giving all the citizens of Bosnia and Herzegovina a greater stake in the success of the 'Bosnia and Herzegovina project'".

II. Development situation from a sustainable human development perspective

3. In 1996, Bosnia and Herzegovina was emerging from war and facing a huge reconstruction effort. Resource mobilization was a high priority in efforts to support the complex transition from conflict to peace and from a centralized political and economic system to a democratic, free-market society.

4. Peace has been gradually secured under the umbrella of the Stabilization Force (SFOR) led by the North Atlantic Treaty Organization (NATO) and DPA civil implementation. Economic recovery is under way, but the transition to development has been disappointingly slow and the country still faces important post-conflict issues. It has also been facing the difficult challenge of constructing a viable and secure state around the DPA structure of two entities — the Republic of Srpska and the Federation of Bosnia and Herzegovina.

5. The full, unhindered return of refugees and internally displaced people is delayed by complex political and human rights issues. The international institutional mechanisms set up by the DPA are also still very widespread and exert strong external pressures over national policy. The combined presence of the United Nations development agencies is relatively weak in this context.

6. There is, however, growing recognition on all sides that options for dealing with underlying development issues are being limited by the focus on short-term, post-conflict issues. International and national stakeholders want to see a more nationally derived development agenda, with national institutions playing a stronger role in programme formulation and implementation.

7. This agenda must deal with serious human security and development challenges. Some are clearly the result of conflict. For example, up to a million land mines and other unexploded ordnance hinder the returns process and block rural development and environmental action. Many thousands of refugees and internally displaced persons are returning to communities without adequate services and housing or where officials from other ethnic communities do little to help.

8. The post-war structure of entities subdivided into municipalities in the Republic of Srpska and cantons Bosnia and Herzegovina, with cantons functioning like distinct governments in many policy areas, also means that the State has limited powers and no role in sectoral matters. It is difficult to talk of "national" programmes. Education is only now emerging from difficulties rooted in inter-ethnic rivalries. Social-sector funding is fragmented and inefficient, unemployment very high and vulnerable groups face an uncertain future with inadequate support. Statistical and data systems are very poor and basic socio-economic indicators cannot be treated with confidence.

9. Other challenges reflect deeper underlying issues of socio-economic and political transition. Modernization and investment is desperately needed in many areas of life, including the attitudes and capacity of a political and administrative elite with roots in old-style centralist and single-party politics. There is a growing problem of youth unemployment, disaffection and emigration. Serious environmental problems dating back to pre-war years, a general unawareness of environmental issues and a very weak environmental legal and institutional base will impede sustainable development efforts.

10. Programming and implementation are therefore far more complex than in countries where there is a clear governmental structure. Progress towards sustainable human development goals is slow, while the existing structure still sustains human rights violations. Socio-political divisions also make cost-effective and efficient programmes difficult to conceive and implement.

11. The recent Peace Implementation Council meeting has meanwhile identified the consolidation of the fragile nation state of Bosnia and Herzegovina as the priority issue for the international community. The European Union and the Stability Pact for Southeast Europe provide important regional dimensions, but the Office of the High Representative in Bosnia and Herzegovina (OHR) and others are now advocating that Bosnia and Herzegovina and its people assume "ownership" of the post-war recovery.

12. It is important not to lose sight of human-development concerns in this context. A well-integrated UNDP policy development and capacity-building programme can make national ownership meaningful and empower local people to play an active role in policy formation and implementation. This approach will do much to create the conditions for national consolidation.

III. Results and lessons of past cooperation

13. UNDP has faced many operational difficulties in Bosnia and Herzegovina. It had no long-standing historical and institutional knowledge of the country and brought modest additional resources to overall official development assistance (ODA). Weak or poorly defined governmental relationships have diluted its potential impact in policy support. DPA international institutions and agencies also still have a huge presence and exert a strong influence over policy-making.

14. It was therefore not easy to develop the more traditional relationship that UNDP generally enjoys with governments. The first CCF also over-optimistically aimed for a "transition to development initiative" too soon after DPA and was characterized by the following shortcomings:

(a) Too many projects of too diverse a nature;

(b) Weak linkages between projects, from project design through to management procedures for dialogue and collaboration;

(c) Irregular information flow between UNDP staff at different levels and in field/country office locations;

(d) Unrealistic assumptions that projects would create better conditions for further implementation.

15. The country review and CCF preparation did, however, reveal major strengths on which UNDP must build in the new CCF. Between 1996 and 2000, UNDP mobilized significant resources for area-based and sector projects that made a positive and widely recognized contribution. UNDP has gained a reputation for openness and for listening to all national and international partners.

16. UNDP has worked hard to build relationships with national and local government bodies, with non-governmental organizations (NGOs) and civil society. Four years of field experience have given it great credibility for advocating policy changes and national-level development programming. The country review recommends building on this experience, while at the same time shifting emphasis towards community and

local government capacity-building for sustainable development.

17. UNDP sector-support projects have shown that difficult priority issues can be successfully tackled by developing professional national teams and by fostering sustainability through partnership with government authorities. They also show how the Government at different levels can build effective partnerships with donors, NGOs, business enterprises and civil-society organizations.

18. UNDP has published two national human development reports (NHDRs) and launched a well-regarded early warning system (EWS) for potential political, economic or social instability. A pilot social protection project has put the welfare of the country's citizens on the national policy agenda. The NHDR and early warning system, in particular, should be further developed and used as strategic tools in the new CCF.

19. The direct execution experience of the country office has been very positive and should continue to be used in the new CCF, on a full cost-recovery basis, and should serve to inform other UNDP offices embarking on direct execution.

20. The achievements of the first CCF may be modest alongside the scale of post-war funding. The country office has built up strong assets, however, and must now use them to establish a new role in capacity-building and policy development at all levels, in collaboration with local governments, DPA institutions, other donors and civil society.

IV. Objectives, programme areas and expected results

21. UNDP will contribute to a conducive environment for sustainable long-term development based on the needs, capacities and aspirations of the country. The CCF for the period 2001 to 2003 will concentrate on developing the national capacity to assume ownership of an agenda for sustainable development that will address priority human-development and human-security issues. This capacity-development effort will also thereby contribute to better governance at all levels and to the protection of the excluded and the most vulnerable segments of the population.

22. To contribute to a conducive environment for sustainable longer-term development, and in line with the corporate profile goal of UNDP for sharper focus through strategic interventions and upstream, policy-advisory assistance, the CCF will concentrate on two mutually reinforcing programme areas:

(a) The agenda for sustainable development that will entail capacity development for (1) consensus-based planning and policy formulation for sustainable human development (SHD); and (2) transparent and accountable governance practices;

(b) Human security that will entail capacity-development for (1) a sustainable social-protection system and a poverty-alleviation strategy; and (2) mine action.

A. Agenda for sustainable development

23. The first programme area is composed of three interrelated and mutually reinforcing levels of assistance, directed at the municipal level, at independent think tanks and at the country as a whole. Building capacities at these levels in an integrated way assures the wider relevance of the different activities and underscores their interconnectedness for the formulation of a Bosnia and Herzegovina Agenda for SHD.

Capacity development for municipal SHD agendas

24. UNDP will continue to build on the experience and credibility gained in the municipalities through the area-based development programmes implemented during the last four years. These programmes have focused on the resettlement and sustainable reintegration of internally displaced people and refugees. Through these programmes, UNDP has not only effectively contributed to the rehabilitation of dwellings and other infrastructure but has also developed consensus and confidence-building methods and approaches that created important synergies between civil society and the municipal authorities, thereby positively impacting on the social cohesion of the local communities.

25. During the period 2001 to 2003, UNDP will thus continue to mobilize resources for sustainable reintegration programmes that will primarily focus on developing the capacities of municipal authorities and civil society for:

(a) Long-term integrated local planning that is responsive to the needs of the community and that has

a direct impact on (1) the alleviation of poverty and other forms of exclusion; and (2) employment generation. These activities are directly linked to the poverty focus of programme area 2 in section B;

(b) Modern, transparent, service-oriented and accountable management of public affairs;

(c) Effective mobilization of internal and external revenues and resources;

(d) Democratic accountability that allows for consistent interaction between local authorities and their constituents through consensus and confidence-building;

(e) Rights-based awareness of the people to express their needs and their obligation to contribute to the development of their community.

26. It is expected that through this capacity-development effort, local economic and social development agendas will be generated that focus on priority SHD issues. In the longer term, this effort will bolster a perspective on the future in which people want to invest, together with a local government that responds to their needs and is heard at higher policy levels.

27. UNDP will further facilitate and develop mechanisms that promote inter-municipality cooperation, the exchange of experiences and consensus building on priority governance and development issues emerging from the above capacity-development effort at the municipal level. It is expected that, through this inter-municipality networking, a critical mass of lessons learned and recommendations will be consolidated and advocated. As a result, priority governance and development issues emerging from the local level can be further (a) elaborated on in NHDRs; (b) monitored through the EWS and/or (c) integrated into the formulation of an SHD agenda.

Capacity-development for advocating SHD issues through independent think tanks

28. UNDP will capitalize on its advocacy experience gained over the last two years through the Standing Committee on Economic Affairs, the national human development reports, the EWS initiative and the common country study. These initiatives have all successfully promoted dialogue, local ownership, and the mobilization of human resources from all walks of life (government at all levels, civil society, private sector, universities, local NGOs, parliament, the media). These initiatives have further demonstrated the zeal, resilience, energy, potential and willingness of the women and men to contribute, across and beyond the political and ethnic divide, to the elaboration of a development agenda for the country. These initiatives have also shown that UNDP is accepted as an effective neutral partner in pursuing and finding a consensus among various parties on difficult but essential development issues and challenges.

29. During the period 2001 to 2003, UNDP will continue to support, and possibly expand, these independent think thanks working on strategic SHD challenges, while developing their capacity for recommending key policy changes. These strategic SHD issues and recommendations for key policy changes will be further disseminated and advocated through, inter alia, the NHDRs and early warning system reports.

30. Through country-wide events, organized for instance at the occasion of the launch of the NHDR and EWS reports, UNDP will further facilitate and promote dialogue and consensus building, across and beyond the political and ethnic divide, on priority governance and SHD issues that can be further integrated in the formulation of an SHD agenda.

Capacity development for an SHD agenda

31. During the extensive consultations organized for the review of the previous CCF and the preparation of the new CCF, the local partners of UNDP at all levels, the donor community and the institutions that are implementing the civil aspects of the Dayton Peace Agreement have all supported the new UNDP emphasis on capacity-building for policy development, aid coordination and management. Moreover, the most recent session of the Peace Implementation Council has invited Bosnia and Herzegovina, its institutions and people to assume ownership of the post-war recovery and development process.

32. Between 2001 and 2003, UNDP will therefore support selective key entity and state-level institutions to develop their capacity for (a) SHD strategic planning and policy development; and (b) the management and coordination of the development process and of ODA. UNDP will identify the selected key institutions and specific areas of support in very close consultation with the Government (entity and state levels) and the donor community. Through these consultations, UNDP will negotiate solid partnerships that will ensure the

maximum impact and efficiency of the capacity-development effort. These solid partnerships will be based on a clear definition of the goals to be jointly achieved and on well-defined roles and responsibilities attributed to each partner. UNDP will further design this support based on (a) its comparative advantage that is emerging from its experience at the municipal level and with independent think thanks; and (b) its past experience in supporting the country's institutions in aid coordination.

33. It is expected that through this support, UNDP will play a major role, albeit in selected areas, in facilitating:

(a) A country-wide consensus on major strategies for economic and social development that can be reflected into an SHD agenda;

(b) The gradual ownership by the country's institutions and citizens of the development process and of its impact on the alleviation of poverty and other forms of exclusion;

(c) A gradual transformation of the current system of governance by imparting accountability, transparency and responsibility towards constituents;

(d) A gradual transformation of the relations between Bosnia and Herzegovina and the donor community into a real partnership.

B. Specific human-security issues

34. The second programme area targets two key development issues that directly affect human security: poverty and mines. If not adequately addressed, these issues will increasingly constrain the country's development. UNDP is already involved in these areas and has a clear comparative advantage. The interventions foreseen under this programme area will enable the identification of strategic and key development issues that can be further: (a) elaborated on in NHDRs; (b) researched and monitored through the EWS; (c) integrated in the formulation of an SHD agenda; and (d) operationalized in UNDP municipal programmes. These interventions also carry the potential for upstream policy development.

Poverty

35. High unemployment, returns to geographical areas without adequate social and economic support, ongoing socio-economic discrimination, the slow transition towards a market economy, the absence of a development framework, public investments, a national policy for social protection and effective local models to provide adequate, cost-effective support and safety nets: these factors only render the situation of the excluded and the most vulnerable more precarious and carries a potential for social unrest. To address some of the issues where it has a clear comparative advantage, UNDP will concentrate on capacity-development for a sustainable system of social protection and for a poverty-alleviation strategy.

36. Between 2001 and 2003, UNDP will continue to mobilize resources for capacity-development for a sustainable system of social protection through the social protection project initiated in 2000 on a pilot basis in the municipalities of Travnik in Bosnia and Herzegovina and Prijedor in the Republic of Srpska. Through this pilot and its continuation, UNDP is aiming at:

(a) Developing and testing alternative models and practices whereby communities can address the needs of the excluded or most vulnerable (elderly, youth, women heads of households, orphans, internally displaced people) on a sustainable basis;

(b) Creating a network that permits the municipalities to exchange experiences, facilitating consensus-building around best practices;

(c) Replicating best practices to other municipalities (funding permitting);

(d) Harmonizing social protection standards, practices, coordination and funding mechanisms between the entities;

(e) Advocating results;

(f) Monitoring relevant changes in social-protection policies adopted by the entities.

37. During the period 2001 to 2003, UNDP will launch a capacity-development effort for a poverty-alleviation strategy that will assist three statistical agencies as part of a broader effort supported by the international community. UNDP will focus specifically on developing the capacity of these statistical agencies to:

(a) Conduct the country's first household survey and first labour force survey;

(b) Establish the country's first poverty profile;

(c) Analyse the human and income vulnerability.

38. This will in turn provide the Government with the necessary tools and data to formulate a relevant poverty-alleviation strategy.

Mine action

39. The mine threat has obvious implications for human security and sustainable development, especially in rural and agricultural areas. UNDP jointly leads a capacity-development effort for mine action with the OHR. This capacity-development effort concentrates on:

(a) A cost-effective and sustainable mine-action capacity for quality assurance, mine awareness and effective socio-economic priority setting;

(b) Streamlined and more economical organizational structure;

(c) A fully transparent prioritization process;

(d) Stable long-term financing;

(e) Effective donor coordination.

Cross-cutting issues pertaining to both programme areas

40. Four cross-cutting issues are identified for attention in the CCF: gender, youth, the environment and information technology for development. All are of immediate and increasing importance to development in Bosnia and Herzegovina.

41. Since the DPA, there has been a consistent failure to carry out adequate gender analyses as an integral part of programme development. Ensuring that this is now done is emerging as a key priority. UNDP will support work in this area and ensure that at least its own programme components are screened and appropriately designed to account fully for gender. It will also support a similar approach in other donor and country programmes, through advocacy and through offering its technical expertise and experience when requested by partners.

42. Youth is a key issue. Not only are younger people important for overcoming the divisions and bitterness of past conflict and for building a sustainable peace, but they are also directly affected by the lack of progress in key development areas, such as employment and education. UNDP will open the debate on this issue through the second NHDR, will promote national discussion on a new agenda for youth, and will support concrete activities, such as the establishment of a youth forum. It will also continue with present youth-oriented activities and ensure that youth concerns are considered in all programme components.

43. The lack of environmental capacity and awareness threatens to impede development through a rapidly deteriorating environmental situation. As UNDP environmental capacity in the country is not strong, the country office must carefully prioritize its involvement. UNDP will (a) ensure that all programme activities are screened for environmental effect and that opportunities to promote environment are not missed; (b) identify environmental policy issues where UNDP can contribute to the policy dialogue (notably to offset "top-down" tendencies in the environmental legislation and national environmental action plan process); (c) seek to influence environmental policy through advocacy at all levels; (d) promote environmental awareness through programme activities; (e) integrate environmental issues through area-based, local action programmes and local Agenda 21 activities; (f) introduce the financial mechanism of the Global Environment Facility in the areas of climate change and biological diversity.

44. To strengthen its capacity-development support, UNDP will further design an information technology for development component that links into all elements of the two programme areas. It will provide access to information, stimulate dialogue, and build professional, independent and thematic networks. New opportunities for training through interactive video or other international information technology-based initiatives will be explored and integrated into the programme where appropriate and feasible.

V. Management arrangements

Programme management and partnership

45. The CCF for the period 2001 to 2003 is conceived as an integrated and focused programme in which all its components have a specific yet mutually reinforcing role. While each intervention will have its own objectives, it will have substantive and result-oriented links to other programme components that will be identified at the outset.

46. The country office has extensive experience in mobilizing the country's expertise and human resources. It will continue to rely first and foremost on

human resources available in the country and will, in conjunction with the International Organization for Migration (IOM), mobilize high-level expatriate expertise available abroad through innovative applications of the Transfer of Knowledge through Expatriate Nationals (TOKTEN) and national United Nations Volunteers modalities. International expertise will be called upon in such cases when they can provide a distinctive added value, such as providing neutral management leadership, access to global and regional experiences, and new technologies and approaches towards development.

47. Through its development agenda and capacity-development activities, the new CCF will create possibilities for new and expanded partnerships and provide other agencies with new opportunities for support. Initially however, the country office will build on existing partnerships with national and local authorities and civil society, the United Nations and other international organizations. It will also seek to develop closer cooperation with the OHR, the European Union and the Bretton Woods institutions to support the stronger role of UNDP in policy-level assistance.

48. The country office has successfully mobilized resources in the previous four years. In the period 2001 to 2003, the country office will implement a strong resource-mobilization strategy deepening its existing partnerships with the European Union and the Government of Japan while seeking to diversify its donor base, particularly to include Nordic and other European donors. The country office will back up these efforts with a stronger public relations capacity and strategy. Emphasis will also be given to promoting national thinking on development. It should be noted that resource mobilization in Bosnia and Herzegovina is difficult as a result of (a) the proliferation of donor agencies directly implementing bilaterally financed programmes; (b) traditional UNDP core areas being mandated to others, such as the Organization for Security and Cooperation in Europe (OSCE); and (c) political difficulties that might lead donors to reduce funding for the country.

49. Given the weak and fragmental nature of the Government, national execution remains subject to selective deployment and experimentation in close complementarity with the proven country office and agency inputs. Specialized technical expertise from United Nations agencies and other sources will be called upon when required. In the short term, the country office will focus on developing counterpart capacity through direct execution, while continually assessing national skills and capacity for increased use of national execution whenever feasible. The country office, meanwhile, will also continue to assess and adjust the skills and human resources needed to undertake direct execution.

Monitoring, review, reporting

50. The strategic results framework and the results-oriented annual report for Bosnia and Herzegovina are important tools for results-oriented management. The new country office management plan will facilitate planning, performance monitoring and systematic self-assessment as part of end-of-year procedures, together with the annual review and the results-oriented annual report.

51. The country office will develop performance indicators against which the progress of each individual intervention can be measured. The country office will also develop benchmarks against which the coherence and focus of the programme can be tracked and regularly assessed.

52. All programmes and projects will be evaluated in accordance with the country office evaluation plan. Management and financial audits will be carried out in line with office plans. Where possible, the use of national expertise will be continued and expanded within the country office.

53. All programmes will incorporate results-oriented monitoring mechanisms. All programmes will be evaluated in association with all relevant partners and in accordance with the country office evaluation plan. The Evaluation Office may be called upon to help analyse, document and disseminate lessons learned. Management and financial audits will be carried out in line with the country office audit plan.

Annex

Resource mobilization target table for Bosnia and Herzegovina (2001-2003)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP regular resources		
Estimated carry-over into 2000	139	Includes carry-over of TRAC 1, TRAC 2 and the earlier AOS allocations
TRAC 1.1.1	1 576	Assigned immediately to country
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources
SPPD/STS	181	
Subtotal	**1 896***	
UNDP other resources		
Government cost-sharing	1 600	
Third-party cost-sharing	18 515	
Funds, trust funds and other	3 809	GEF
Subtotal	**23 924**	
Grand total	**25 820***	

* Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: AOS = administrative and operational services, GEF = Global Environment Facility, SPPD = support for policy and programme development, STS = support for technical services, TRAC = target for resource assignment from the core.